

SENATE—Wednesday, July 12, 2000

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

O God our Father, we thank You for the blessings of life. Help us to see them, to count them, and to remember them so that our lives may flow in ceaseless praise. Give us eyes to see the invisible movement of Your Spirit in people and in events. Assure us that You are present, working out Your purposes because You have plans for us. Focus our attention on the amazing way You work through people—arranging details, solving complexities, and bringing good out of whatever difficulties we commit to You. Help us to be expectant for Your serendipities, Your unusual acts of love in usual circumstances. Now we look forward to a great day filled with Your grace! You are our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE

The Honorable WAYNE ALLARD, a Senator from the State of Colorado, led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. ALLARD). Under the previous order, the leadership time is reserved.

SCHEDULE

Mr. COVERDELL. Mr. President, on behalf of the leader, today the Senate will complete the final 2 hours of debate on the motion to proceed to the Death Tax Elimination Act. By previous consent, at 11:30 a.m. the Senate will begin a vote in relation to the Bennett amendment to the DOD authorization bill. Following the 11:30 a.m. vote, the Senate will resume consideration of the death tax legislation. However, if no agreement can be reached regarding its consideration, the Senate may resume the Interior appropriations bill. A finite list of amendments has been agreed to with respect to this bill and, therefore, votes could occur throughout the day in an effort to complete action on this important spending bill.

As a reminder, an agreement was reached regarding the DOD authorization bill, and it is hoped that the Senate can conclude that bill by the close

of business today or first thing tomorrow morning. The leadership has announced that the Senate will consider and complete the reconciliation bill during this week's session.

I thank my colleagues for their attention.

**DEATH TAX ELIMINATION ACT—
MOTION TO PROCEED**

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the motion to proceed to H.R. 8, which the clerk will report.

The legislative clerk read as follows:

A motion to proceed to the bill (H.R. 8) to amend the Internal Revenue Code of 1986 to phase out the estate and gift taxes over a 10-year period.

The PRESIDING OFFICER. Under the previous order, there will now be 2 hours of debate.

The Senator from Georgia.

Mr. COVERDELL. Mr. President, this tax has been discussed at length over the last several years. Several years ago, we reduced some of the impact of this tax, but not much. This tax is among the most often raised issues when I am among constituents.

A number of people have said during the course of the debate that the tax does not affect many Americans. Statistically, that is accurate, it does not. Therein lies something very important for us to consider about this tax, and there is good news in this.

The fact is that while there are a limited number of Americans affected by it, the vast number of Americans, a huge majority, think it should be eliminated. Why is that? Why would a tax that is rather isolated cause a vast majority of Americans to want to do away with it? It is because Americans are still fair about these things, and they do not think this is a fair tax. They do not like the concept of any family working its entire life, building a business, and then the Government, which did not do much to make the business successful—if it was not in the way—tapping in saying: Now that belongs to us, not you who produced it, but us. They do not like that.

I suspect a lot of Americans contemplate there will be a time when they will have grown their business, and they know it is going to take years to do it and hard sweat and worry and anxiety. Then the idea that because the founder or the developers of that business had reached the end of their lives and it no longer belonged to that family, it is inconsistent with the way Americans think. They do not think it

is fair, and they do not like it hanging over their heads.

I have always taken that as a sign of great news that Americans still hold a fundamental American value that it belonged to those who worked and earned it and that the Government ought not impose an egregious and unfair tax. Even if it does not affect me, I do not think it should happen. We should take heart from that because therein lies our ability to ultimately make the tax system more fair across the board. No one has much faith in it. They are cynical about it. They are paying the highest taxes they have ever paid. There is a latent desire to fix the system, and it shows itself vividly in the death tax, or the estate tax.

Another thing which causes me to want to see its elimination is I do not think it is imposed fairly. An undue burden, as with many taxes, falls on the small business person, the small business family, the reasonable size family farm or ranch. A lot of people who are ensnared by this tax do not even know it has hit them because their assets are in property or equipment of which they really do not know the total value. They get pushed over the edge. Suddenly, this reaper comes through and falls on this small family business, small family farm, or ranch.

It is devastating because you have to pay the tax in 9 months—I think that is correct—and those kinds of businesses and those kinds of farms do not have a huge cash account at some financial institution. The value in that estate is in land and equipment and goodwill.

So when the Government says: It is worth \$4 million, and you owe us over \$2 million. What are the family's options? Very limited. There is no \$2 million. So the business has to be sold or half the farm has to be sold or broken up, components of it sold, so they can raise enough cash to pay this insatiable appetite in Washington, DC, to get hold of everybody's assets, which means the people who are employed by that business or farm are typically looking for another job; they are in a job line somewhere.

It is disruptive. It is not useful for the economy. It costs jobs. There are millions and millions of dollars spent by larger businesses, mostly, to avoid this; and to some extent they can, which is again why I say it is pushing this down on what we would call the small business or farm. They are taking the principal hit here.

First, they cannot afford the consultants to figure out how to minimize it. Often they do not know they are going